

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 01-0136P

Use Tax

Calendar Years 1996, 1997, and 1998

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ISSUE(S)

I. **Tax Administration** – Penalty

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

STATEMENT OF FACTS

Taxpayer is an international specialty retailer with stores in the United States and several international locations. Taxpayer has two stores in Indiana. At audit, it was determined that the taxpayer failed to self assess use tax in two years of the audit period and paid a minimal amount in one year.

1. **Tax Administration** – Penalty

DISCUSSION

Taxpayer's audit report revealed that it failed to remit use tax on clearly taxable purchases and fixed assets.

Taxpayer states that it had an inability to accrue tax properly on fixed assets and store expenditures and has implemented a model which accrues tax on these types of purchases in June

1999. Taxpayer requests a penalty waiver based upon the above statement along with its excellent filing history.

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A review of the audit indicates the taxpayer had no use tax accrual system in place for two years of the audit and remitted a minimal amount in one year although it is registered with the Department. Taxpayer did not provide reasonable cause to allow a waiver of the penalty.

FINDING

Taxpayer's protest is denied.

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